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FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8472
RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE
INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY

C O N F I D E N T I A L BAGHDAD 004549

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E.O. 12958: DECL: 12/13/2016

TAGS: [ECON](#) [EFIN](#) [IZ](#)

SUBJECT: IRAQ COMPACT: DEC 10 BCG MEETING CREATES "A
FEELING OF SUCCESS"

Classified By: CLASSIFIED BY AMBASSADOR KHALILZAD FOR REASONS 1.4 (B) A
ND (D).

¶1. (SBU) SUMMARY. On December 10, 2006 Iraq's Prime Minister Nouri al-Maliki convened a session of the Baghdad Coordination Group (BCG) attended by several Ambassadors posted in Baghdad, including Ambassador Khalilzad. Deputy Prime Minister Salih and three key GOI Ministers including Planning, Finance, and Oil were also in attendance. The Prime Minister announced the completion of the International Compact for Iraq (ICI) documents (distributing Arabic and English copies to the group) and that a signing ceremony would be convened in early 2007. The guests applauded this accomplishment and reiterated their support for Iraq. Prime Minister al-Maliki noted the positive atmosphere and indicated that it gave him a feeling of success⁸ to see that the momentum still exists. End Summary.

The Signing Ceremony

¶2. (SBU) The Prime Minister indicated that the Compact Working Group (CWG) is currently engaging several countries about hosting the final conference and hopes to announce a date and venue in the near future. He urged the group to encourage their respective capitals to send senior level representation to the final ceremony noting that it will be an opportunity to discuss Iraq's vision for the security and economic climate, as well as political reconciliation and its relationship with neighboring countries. Ambassador Khalilzad praised the GOI for their progress and reiterated the importance of announcing a date and venue very soon, and to use the time in between to firm donor commitments. The EU Ambassador echoed this sentiment, noting that January is tight⁸ in European capitals, although overall the group seemed eager for an early signing conference. The Italian Ambassador expressed an eagerness for the final meeting and assured senior level Italian attendance. In DPM Salih's closing remarks, he announced that the final conference would take place the second or third week of January.

Donor Commitments

¶3. (SBU) Prime Minister al-Maliki announced that Iraqi debt exceeds \$75B and he hopes that Iraq's friends will consider liberating Iraq from this burden⁸ in order to spur the economy and reconstruction. Ambassador Khalilzad echoed this thought and encouraged debt forgiveness from all countries, specifically noting that some countries have not moved at all (to forgive debt).⁸ Ambassador Khalilzad also asked that countries consider commitments beyond debt forgiveness. In response the Italian Ambassador noted that Italy is currently engaged in bilateral negotiations regarding donations and the consideration of a soft loan package to

Iraq. The EC Ambassador indicated the EC is working with member States to see what support it could offer Iraq. The Japanese Ambassador commented, &when invited, you come with something,8 and noted that Tokyo is &doing its homework8 regarding what commitments it will bring to the table. The Prime Minister announced a \$1.6B soft loan package from Japan to improve oil export facilities, electrical generation and refurbishment of oil refineries; he noted that it is the first of its kind and hopes many more will follow.

Political, Security and Economic Connectivity

¶4. (SBU) Several Ambassadors (Italy, the European Presidency, and A/UN) noted the strong relationship between the political, security, and economic strands in the document; Prime Minister al-Maliki reinforced this message.
KHALILZAD